

VZCZCXYZ0000  
OO RUEHWEB

DE RUEHGT #0132/01 0152226  
ZNR UUUUU ZZH  
O R 152225Z JAN 10  
FM AMEMBASSY GUATEMALA  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0798  
INFO RUEHGT/AMEMBASSY GUATEMALA

UNCLAS GUATEMALA 000132

SENSITIVE  
SIPDIS

E.O. 12958: N/A  
TAGS: [PGOV](#) [ECON](#) [SOCI](#) [GT](#)  
SUBJECT: Ambassador Hosts Second Round of GOG-Private Sector Dialogue

REF: 2009 GUATEMALA 1033; GUATEMALA 7

11. (SBU) Summary. On May 15, the Ambassador hosted the second round of GOG-private sector dialogue. President Colom said that, with CICIG's findings in the Rosenberg murder case exonerating him, new political space had been opened. He was prepared to work with the private sector to address social welfare as well as security objectives. CACIF President Montenegro acknowledged that CICIG's exculpation of the President and his inner circle had been absolute, and the stage was set for renewed government-private sector cooperation. The two sides agreed to work together on social and security agendas for 2010. With the consent of President of Congress Alejos, who also participated, they agreed to push forward competitiveness reforms sought by the private sector, and to continue dialogue on tax reform. Seeking to avoid polemics, both sides eschewed discussing specific elements of tax reform. First Lady Sandra de Colom remained behind following the meeting to discuss her social welfare programs with some of her sharpest critics. End Summary.

12. (SBU) On May 15, the Ambassador hosted a second round of GOG-private sector dialogue. The GOG was represented by President Alvaro Colom, First Lady Sandra Torres de Colom, Minister of Finance Alberto Fuetes Knight, Minister of Energy and Mines Carlos Meany, and Private Secretary to the President Gustavo Alejos. President of Congress Roberto Alejos, of the governing UNE party, also participated. Jorge Montenegro, President of CACIF (the Coordinating Committee for the Associations of Agriculture, Commerce, Industry, and Finance) led the conversation for the private sector side, in which CACIF and non-CACIF business interests were well represented. The DCM, Pol/Econ Counselor, and Poloff also participated.

13. (SBU) The Ambassador summarized the first GOG-private sector meeting he hosted (ref a), recalling that the conversation had focused on improving government transparency and improving the country's precarious social and security conditions. The two sides had agreed it would be in the country's best interest to make the tenor of their public communications less polemical. Following his conciliatory State of the Nation address to Congress January 14, President Colom opened the January 15 meeting by saying that he was grateful to the UN-led International Commission Against Impunity in Guatemala (CICIG) for its diligent and successful efforts to investigate the Rosenberg murder case, in which he and his inner circle had been implicated. CICIG's findings, which exonerated the President and his closest associates, had created new political space for dialogue (ref b). Colom said he wanted to make a fresh start with the private sector in the interest of addressing Guatemala's pressing needs in the areas of health, education, and security.

14. (SBU) In a gesture of reconciliation, CACIF President Montenegro acknowledged that CICIG's investigation had been expert

and thorough, and its conclusions exculpating the President beyond doubt. Montenegro acknowledged the government's social welfare efforts, particularly in the areas of public health and education, and said the private sector agreed they should be budgetary priorities. However, he questioned the GOG's decision to take on more debt, saying that the "unbalanced" budget could have been appropriately funded without resort to tax reform. Montenegro asked Colom to help advance the competitiveness agenda CACIF had developed. Specifically, CACIF sought legislative, regulatory, and other changes to: Encourage oil exploration and mining; establish duty-free zones; modernize the Santo Tomas Port; clamp down on smuggling; increase state support for English language instruction; pass the Law on Public-Private Partnerships (to build infrastructure); and enhance transparency controls. In response, President Colom agreed to the establishment of working groups on transparency, security, and at the Ambassador's suggestion, social programs. President of Congress Alejos said he believed Congress could pass this year much of the legislation of interest to the private sector, including the Mining Law and Law on Public-Private Partnerships. Montenegro suggested a quid pro quo: The private sector would support Colom's social agenda (provided enhanced transparency controls were put in place), and the GOG should support the private sector's competitiveness agenda. Colom appeared amenable to the suggestion.

15. (SBU) In the only departure from the otherwise conciliatory tone of the meeting, Colom asserted that he had the

congressional votes to pass tax reform, and said he would do it with or without private sector buy-in. Montenegro responded by saying "Let's do it together," and many present indicated their agreement that tax reform was needed. (Comment: Colom's shaky congressional alliance has so far delivered for him on most legislation, but taxes have been the exception. His assertion is questionable.) The meeting ended on a positive note, with both sides expressing their appreciation for the Ambassador's role. Following the meeting, Private Secretary to the President Gustavo Alejos asked the Ambassador to host similar meetings later in the month with the two main opposition parties, LIDER and Patriot Party. The Ambassador agreed.

16. (SBU) First Lady Sandra Torres de Colom stayed behind after the meeting to engage with several businessmen with whom she usually has an adversarial relationship. She defended her often-criticized efforts to help her husband manage and improve social policy, and defended the transparency of her Conditional Cash Transfer Program, "My Family Progresses," as well as other programs falling under the purview of her Social Cohesion Council. Carlos Zuniga, conservative President of the Chamber of Agriculture, offered that even though they sometimes disagreed, he admired the First Lady's energy and good intentions.

17. (SBU) Comment: This meeting augured well for GOG-private sector relations during 2010. In the spirit of reconciliation, both sides eschewed getting into details about tax reform, the main point of contention which they may soon again attempt to address. We were pleased that the First Lady and the private sector representatives took a first step toward communication, if not mutual understanding. We will continue our efforts to foment dialogue with the objective of effectively addressing Guatemala's pressing social and security needs.

MCFARLAND